

**Remarks**

This Application has been carefully reviewed in light of the Office Action mailed September 22, 2006. Applicants believe all claims are allowable without amendment and respectfully provide the following remarks. Applicants respectfully request reconsideration and allowance of all pending claims.

**I. The Claims Recite Patentable Subject Matter**

The Examiner rejects Claims 1-59 under 35 U.S.C. § 101 as being directed to a non-statutory subject matter. Applicants respectfully traverse these rejections for the following reasons.

Patentable subject matter is “any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereto.” *See* 35 U.S.C. § 101. When an abstract idea is reduced to a practical application, the abstract idea no longer stands alone if the practical application of the abstract idea produces a useful, concrete, and tangible result. This then satisfies the requirements of 35 U.S.C. § 101. *See In re Alappat*, 33 F.3d 1526, 1544, 31 U.S.P.Q.2d 1545, 1557 (Fed. Cir. 1994); *see also State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1373, 47 U.S.P.Q.2d 1596, 1601-02 (Fed. Cir. 1998). While an abstract idea by itself may not satisfy the requirements of 35 U.S.C. § 101, an abstract idea when practically applied to produce a useful, concrete, and tangible result satisfies 35 U.S.C. § 101. *See AT&T Corp. v. Excel Comm. Inc.*, 172 F.3d 1352, 1357, 50 U.S.P.Q. 1447, 1452 (Fed. Cir. 1999) (stating that as technology progressed, the CCPA overturned some of the earlier limiting principles regarding 35 U.S.C. § 101 and announced more expansive principles formulated with computer technology in mind); *see also In re Musgrave*, 431 F.2d 882, 167 U.S.P.Q. 280 (CCPA 1970) (cited by the Federal Circuit in *AT&T Corp.*, 172 F.3d at 1356). Thus, producing a useful, concrete, and tangible result is the key to patentability according to *State Street* and other applicable case law.

“Only when the claim is devoid of any limitation to a practical application in the technological arts should it be rejected under 35 U.S.C. 101.” M.P.E.P. § 2106. Indeed, a

method or process remains statutory even if some or all of the steps therein can be performed in the human mind, with the aid of the human mind, or because it may be necessary for one performing the method or process to think. *See In re Musgrave*, 431 F.2d at 893, 167 U.S.P.Q. at 289. As stated by the Federal Circuit in *State Street* and as explicitly confirmed in the M.P.E.P., “[T]ransformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces ‘a useful, concrete, and tangible result’ -- a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities and in subsequent trades.” *State Street*, 149 F.3d at 1373, 47 U.S.P.Q.2d at 1601-02; M.P.E.P. § 2106.

Furthermore, the M.P.E.P. states:

The applicant is in the best position to explain why an invention is believed useful. Office personnel should therefore *focus their efforts* on pointing out *statements made in the specification* that identify all practical applications for the invention. Office personnel should rely on such statements throughout the examination when assessing the invention for compliance with all statutory criteria. An applicant may assert more than one practical application, but only one is necessary to satisfy the utility requirement.

M.P.E.P. § 2106 (emphasis added).

Applicants’ claims are not merely manipulations of abstract ideas. Instead, each of Applicants’ claims recites a useful, concrete, and tangible result, which is all the law requires for a claim to be directed to statutory subject matter, and is therefore directed to patentable subject matter.

For example, independent Claim 1, as amended, recites a “method for measuring the intellectual capital of an enterprise comprising” the following:

- identifying one or more intellectual capitals to be measured, wherein each intellectual capital comprises:
  - human capital comprising one or more capabilities of one or more individuals associated with the enterprise;

structural capital comprising experience and expertise of the enterprise embedded in one or more processes, policies, and systems associated with the enterprise; and

external capital comprising a value of one or more business relationships of the enterprise with one or more entities;

- selecting a set of metrics that are present within the identified intellectual capitals, the set of metrics comprising one or more metrics present within the human capital, one or more metrics within the structural capital, and one or more metrics within the external capital, wherein the set of metrics comprises one or more monetary metrics and one or more non-monetary metrics;
- assigning values to the set of selected metrics;
- scaling the set of valued metrics, wherein the scaled non-monetary metrics and monetary metrics are operable to be mathematically associated; and
- quantifying the identified intellectual capitals based on the scaled metrics.

Thus, “quantifying the identified intellectual capitals based on the scaled metrics” is one practical application of independent Claim 1, the useful, concrete, and tangible result being the quantified identified intellectual capitals.

Additionally, Applicants’ Specification provides, for example, a discussion of certain deficiencies of some systems:

A business’s market value includes its financial capital and its intellectual capital. Financial capital is controlled by traditional accounting practices and standards. However, intellectual capital, which is a significant percentage of a business’s market value, is typically undefined and unmanaged.

(Specification, Page 2, Line 9-14)

Additionally, the Specification identifies particular advantages that are realized by certain embodiments of Applicants’ invention:

Technical advantages of one or more embodiments of the present invention include allowing a business or business unit to make balanced business decisions based on intellectual capital as well as financial capital. These balanced business decisions include increasing staff happiness and decreasing staff turnover through proper training and development. Other advantages include exploiting the benefits of a business's intellectual capital, meeting SEC organizational requirements, and increasing a business's share price. Furthermore, at least one embodiment of the present

invention allows management personnel to further define the intellectual property of the business.

(Specification, Page 3, Lines 19-31) Thus, Applicants' specification asserts at least one practical application of certain embodiments of Applicants' invention and identifies the advancement of the technical arts.<sup>1</sup>

The Examiner states that "these claims . . . produce no real-world aspect." (Office Action, Page 2) Applicants respectfully submit that a quantification of an enterprise's identified intellectual capitals would certainly be a "real-world" aspect, to the extent there is such a requirement.

For at least these reasons, Applicants respectfully submit that independent Claim 1 and its dependent claims recite patentable subject matter. For at least certain analogous reasons, Applicants respectfully submit that independent Claim 31 and its dependent claims recite patentable subject matter. Thus, Applicants respectfully request that the Examiner withdraw the rejections of these claims under 35 U.S.C. § 101.

## **II. The Claims are Allowable over the Proposed *Sanders-Ulwick* Combination**

The Examiner rejects Claims 1-5, 11-19, 21, 23-24, 26-28, 31-35, 41-48, 50, 52-53, and 55-57 under 35 U.S.C. §103(a) as being unpatentable over U.S. Patent 6,411,936 to Sanders ("*Sanders*") and U.S. Patent 5,963,910 to Ulwick ("*Ulwick*"). Applicants respectfully disagree and discuss independent Claim 1 as an example.

### **A. The Proposed *Sanders-Ulwick* Combination Fails to Disclose, Teach, or Suggest Various Limitations Recited in Claim 1**

The proposed *Sanders-Ulwick* combination fails to disclose, teach, or suggest at least the following limitations recited in Claim 1:

- identifying one or more intellectual capitals to be measured, wherein each intellectual capital comprises . . . external capital comprising a value of one or more business relationships of the enterprise with one or more entities;

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<sup>1</sup> The citations to Applicants' Specification are merely examples intended to illustrate that the Specification discloses at least one practical application of certain embodiments of Applicants' invention. These citations should not be used to limit the scope of Applicants' claims to any particular embodiments.

- selecting a set of metrics that are present within the identified intellectual capitals, the set of metrics comprising one or more metrics present within the human capital, one or more metrics within the structural capital, and one or more metrics within the external capital, wherein the set of metrics comprises one or more monetary metrics and one or more non-monetary metrics;
- assigning values to the set of selected metrics;
- scaling the set of valued metrics, wherein the scaled non-monetary metrics and monetary metrics are operable to be mathematically associated; and
- quantifying the identified intellectual capitals based on the scaled metrics.

For example, the cited portions of *Sanders* fail to disclose, teach, or suggest “identifying one or more intellectual capitals to be measured, wherein each intellectual capital comprises . . . external capital comprising a value of one or more business relationships of the enterprise with one or more entities,” as recited in Claim 1. The portion of *Sanders* cited by the Examiner as allegedly disclosing these limitations merely discloses that each strategic planning processor 113 is connected to various components “to provide real time updated information regarding new internal and external trends and other inputs related to the strategy of the enterprise. (See Office Action, Page 3 citing *Sanders*, 15:10-14) In particular, the Examiner identifies “external trends as input related to strategy of [the] enterprise.” (Office Action, Page 3) However, the cited disclosure of “external trends” does not disclose, teach, or suggest “identifying one or more intellectual capitals to be measured, wherein each intellectual capital comprises . . . external capital **comprising a value of one or more business relationships of the enterprise with one or more entities**,” as recited in Claim 1. There is simply no indication or other disclosure in the cited portion of *Sanders* that the disclosed “external trends” relate to **a value of one or more business relationships of the enterprise with one or more entities**,” as recited in Claim 1.

As another example, the cited portions of *Sanders* fail to disclose, teach, or suggest “selecting a set of metrics that are present within the identified intellectual capitals, the set of metrics comprising one or more metrics present within the human capital, one or more metrics within the structural capital, and one or more metrics within the external capital, wherein the set of metrics comprises one or more monetary metrics and one or more non-monetary metrics,” as recited in Claim 1. As allegedly disclosing these limitations, the

Examiner cites *Sanders* at column 15, lines 4-8, column 13, lines 30-39, and column 17, lines 44-47.

At column 15, lines 4-8, *Sanders* discloses the following:

As seen in FIGS. 10-12, and as mentioned above, the system also preferably is interconnected with one or more strategic planning processors 113. In this case, each strategic planning processor 113 is preferably further connected to a financial analyzer or the finance database 1094 a human resources database 1091 . . . .

(*Sanders*, 15:4-8) Nowhere does this cited portion disclose, teach, or suggest “selecting a set of metrics,” let alone “selecting a set of metrics that are present within the identified intellectual capitals, the set of metrics comprising one or more metrics present within the human capital, one or more metrics within the structural capital, and one or more metrics within the external capital, wherein the set of metrics comprises one or more monetary metrics and one or more non-monetary metrics,” as recited in Claim 1. In particular, the fact that the system disclosed in *Sanders* is connected to a finance database and a human resources database does not mean that *Sanders* discloses, teaches, or suggests selecting the set of metrics recited in Claim 1.

At column 13, lines 30-39, *Sanders* discloses the following:

One duty of the switchboard 108, as mentioned above, is importation of data into the processing system core 101 from databases 109 containing information about the company. I prefer to import data from multiple databases, if available, including those relating to human resources information 1091, customer information 1092, supplier information 1093, and financial information 1094. These databases can also include information relating to operations 1095, a best practices library 1096, and a marketing encyclopedia 1097.

(*Sanders*, 15:4-8; Office Action, Page 4) Nowhere does this cited portion disclose, teach, or suggest “selecting a set of metrics,” let alone “selecting a set of metrics that are present within the identified intellectual capitals, the set of metrics comprising one or more metrics present within the human capital, one or more metrics within the structural capital, and one or more metrics within the external capital, wherein the set of metrics comprises one or more monetary metrics and one or more non-monetary metrics,” as recited in Claim 1. In

particular, the importation of data does not disclose, teach, or suggest “selecting a set of metrics,” let alone the particular metrics recited in Claim 1.

At column 17, lines 30-39, *Sanders* discloses the following:

. . . a switchboard that imports data from at least one database relating to one or more of financial information, human resources information, customer information, supplier information, and industry, market or specialized expert information via multimedia databases into the processing system . . . .

(*Sanders*, 17:44-47; Office Action, Page 4) Nowhere does this cited portion disclose, teach, or suggest “selecting a set of metrics,” let alone “selecting a set of metrics that are present within the identified intellectual capitals, the set of metrics comprising one or more metrics present within the human capital, one or more metrics within the structural capital, and one or more metrics within the external capital, wherein the set of metrics comprises one or more monetary metrics and one or more non-monetary metrics,” as recited in Claim 1. In particular, the importation of data does not disclose, teach, or suggest “selecting a set of metrics,” let alone the particular metrics recited in Claim 1.

Furthermore, the Examiner states that “[i]n this case, the set of metrics is represented by input values imported.” (Office Action, Page 4) Applicants note that metrics are distinguishable from values. As recited in Claim 1, values are *assigned to* metrics. Thus, the disclosure of “input values imported” in *Sanders* does not disclose, teach, or suggest the “metrics” recited in Claim 1.

As another example, at least because *Sanders* fails to disclose, teach, or suggest “*selecting a set of metrics* that are present within the identified intellectual capitals, the set of metrics comprising one or more metrics present within the human capital, one or more metrics within the structural capital, and one or more metrics within the external capital, wherein the set of metrics comprises one or more monetary metrics and one or more non-monetary metrics,” as recited in Claim 1, *Sanders* necessarily fails to disclose, teach, or suggest “assigning values to *the set of selected metrics*,” as recited in Claim 1.

As another example, at least because *Sanders* fails to disclose, teach, or suggest “assigning values to the set of selected metrics,” as recited in Claim 1, *Sanders* necessarily fails to disclose, teach, or suggest “scaling the set of valued metrics, wherein the scaled non-monetary metrics and monetary metrics are operable to be mathematically associated,” as recited in Claim 1.

Moreover, the portion of *Sanders* cited by the Examiner as allegedly disclosing these “scaling” limitations does not disclose “scaling.” The cited portion discloses the following:

. . . a performance metrics engine that keeps track of a first set of metrics, ***the direction of movement of a second set of metrics that are a subset of the first set of metrics***, and the accuracy of projections of the values of the first set of metrics as compared to actual change of the first set of metrics over time to determine the dependability and applicability of the first set of metrics as indicators of enterprise performance and for measurement thereof . . . .

(*See, Sanders*, 17:62-18:25, emphasis added as to the portion highlighted by the Examiner; *see also* Office Action, Page 4) The cited portion discloses, in part, tracking the direction of movement of a second set of metrics that are a subset of a first set of metrics. Applicants respectfully submit that tracking the movement of metrics that are a subset of another set of metrics does not disclose, teach or suggest “scaling” of any sort, let alone “scaling the set of valued metrics, wherein the scaled non-monetary metrics and monetary metrics are operable to be mathematically associated,” as recited in Claim 1. Applicants respectfully request that if the Examiner maintains that the cited portion discloses these “scaling” limitations, the Examiner explain how tracking the direction of movement of a second set of metrics that are a subset of a first set of metrics, as disclosed in *Sanders*, discloses “scaling” (and in particular, the scaling recited in Claim 1).

The Examiner acknowledges, and Applicants agree, that *Sanders* does not disclose “quantifying the identified intellectual capitals based on the scaled metrics,” as recited in Claim 1. (*See* Office Action, Page 4) However, the Examiner argues that *Sanders* discloses these limitations. (*See* Office Action, Pages 4-5) Due to the many example distinctions discussed above between Claim 1 and *Sanders*, Applicants do not discuss the failure of



*Ulwick* to make up for this acknowledged deficiency of *Sanders*. Below, however, Applicants do discuss the improper combination of *Sanders* and *Ulwick*.

For at least these reasons, Applicants respectfully submit that the proposed *Vig-Sanders* combination fails to disclose, teach, or suggest each and every limitation recited in Claim 1. Thus, Applicants respectfully request reconsideration and allowance of Claim 1 and its dependent claims. For at least certain analogous reasons, Applicants respectfully request reconsideration and allowance of independent Claim 31 and its dependent claims.

**B. The Proposed *Sanders-Ulwick* Combination is Improper**

Applicants respectfully submit that the rejection of the claims is also improper because the Examiner has not shown the required teaching, suggestion, or motivation in *Sanders*, *Ulwick*, or in the knowledge generally available to those of ordinary skill in the art at the time of the invention to combine or modify *Sanders* or *Ulwick* in the manner the Examiner proposes. The rejected claims are allowable for at least this reason.

In order to establish a prima facie case of obviousness, three requirements must be met: (1) there must be some suggestion or motivation, either in the references themselves or in the knowledge available to one skilled in the art, to modify a reference or combine multiple references; (2) there must be a reasonable expectation of success; and (3) the prior art reference (or combination of references) must teach or suggest all of the claim limitations. See M.P.E.P. §§ 2142 and 2143.

The determination of whether an invention is obvious in view of prior art considers “if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which the subject matter pertains.” 35 U.S.C. § 103. Moreover, the mere fact that the prior art may be modified in the manner suggested by the Examiner does not make the modification obvious unless the prior art suggested the desirability of the modification. *In re Fritch*, 972 F.2d 1260, U.S.P.Q.2d 1780 (Fed. Cir. 1992).

Furthermore, obviousness cannot be established by combining or modifying the teachings of the prior art to produce the claimed invention, absent some teaching, suggestion, or incentive supporting the combination or modification. The M.P.E.P. sets forth a strict legal standard for finding obviousness based on a combination of references. “Obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either explicitly or implicitly in the references themselves or in the knowledge [that was] generally available to one of ordinary skill in the art at the time of the invention.” M.P.E.P. § 2143.01. Even a determination that it would have been obvious to one of ordinary skill in the art at the time of the invention to try the proposed combination or modification is not sufficient to establish obviousness without a suggestion in the prior art of the desirability of such a combination or modification. Speculation in hindsight that “it would have been obvious” to make the proposed combination or modification because it would be helpful is insufficient to establish obviousness and amounts to impermissible hindsight reconstruction of the applicant’s invention.

If “common knowledge” or “well known” art is relied upon by the Examiner to combine or modify the references, the Examiner should provide a reference pursuant to M.P.E.P. § 2144.03 to support such an argument. If the Examiner relied on personal knowledge to supply the required motivation or suggestion to combine or modify the references, the Examiner should provide an affidavit supporting such facts pursuant to M.P.E.P. § 2144.03.

With regard to the proposed *Sanders-Ulwick* combination, the Examiner states that “[i]t would have been obvious to one of ordinary skill in the art at the time of the applicant’s invention to quantify the identified intellectual capitals based on the scaled metrics with the motivation of determining the specific value quantity of the intellectual capitals.” (Office Action, Page 5). Respectfully, it appears to Applicants that the Examiner’s argument amounts to the following: it would have been obvious to quantify the identified intellectual capitals so that the intellectual capitals would be quantified. This line of reasoning simply

begs the question of *why* it would have been obvious (which is of course based on the assumption that *Ulwick* even discloses quantifying the identified intellectual capitals based on the scaled metrics, which it does not).

Respectfully, the Examiner has not pointed to any portions of either *Sanders* or *Ulwick* that would teach, suggest, or motivate one of ordinary skill in the art at the time of invention to incorporate the techniques disclosed in *Ulwick* with the system and method disclosed in *Sanders*. It certainly would not have been obvious to one of ordinary skill in the art at the time of the invention, based solely on the prior art, *to even attempt* to incorporate into the system and method disclosed in *Sanders* the techniques disclosed in *Ulwick*. Even more clearly, it certainly would not have been obvious to one of ordinary skill in the art at the time of the invention, based solely on the prior art, *to actually* incorporate into the system and method disclosed in *Sanders* the techniques disclosed in *Ulwick*, which would be required to establish a *prima facie* case of obviousness under the M.P.E.P. and the governing Federal Circuit case law.

Accordingly, since the prior art fails to provide the required teaching, suggestion, or motivation to combine *Ulwick* with *Sanders* in the manner the Examiner proposes, Applicants respectfully submit that the Examiner's conclusions set forth in the Office Action fall well short of the requirements set forth in the M.P.E.P. and the governing Federal Circuit case law for demonstrating a *prima facie* case of obviousness. Thus, Applicants respectfully submit that the Examiner's proposed combination of *Sanders* with *Ulwick* appears to be merely an attempt, with the benefit of hindsight, to reconstruct Applicants' claims and is unsupported by the teachings of *Sanders* and *Ulwick*. Applicants respectfully submit that the rejection must therefore be withdrawn.

For at least these additional reasons, Applicants respectfully request reconsideration and allowance of Claim 1 and its dependent claims. For at least certain analogous reasons, Applicants respectfully request reconsideration and allowance of independent Claim 31 and its dependent claims.

**III. The Examiner's Taking of Official Notice is Improper**

In rejecting several of Applicants' claims under 35 U.S.C. § 103(a), the Examiner takes Official Notice that certain limitations recited in these claims would have been obvious. The taking of Official Notice appears to affect at least Claims 4, 19, 34, and 48. Applicants respectfully note that the use of Official Notice is only appropriate "where the facts asserted to be well known . . . are capable of instant and unquestionable demonstration as being well-known." M.P.E.P. § 2144.03. Applicants respectfully submit that the elements of the claims of the present Application are not capable of instant and unquestionable demonstration as being well-known. Therefore, to the extent the Examiner is using Official Notice as a basis for any of the Examiner's rejection, Applicants respectfully request that, for any such uses of Official Notice, the Examiner cite a reference in support of this position pursuant to M.P.E.P. § 2144.03, or if the Examiner relies on personal knowledge to support the taking of Official Notice, the Examiner provide an affidavit supporting such facts pursuant to M.P.E.P. 2144.03.

**IV. No Waiver**

All of Applicants' arguments and amendments are without prejudice or disclaimer. Additionally, Applicants have merely discussed example distinctions from the references cited by the Examiner. Other distinctions may exist, and Applicants reserve the right to discuss these additional distinctions in a later Response or on Appeal, if appropriate. By not responding to additional statements made by the Examiner, Applicants do not acquiesce to the Examiner's additional statements. The example distinctions discussed by Applicants are sufficient to overcome the Examiner's rejections.

**Conclusion**

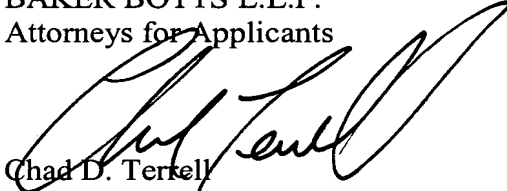
Applicants have made an earnest attempt to place this case in condition for allowance. For at least the foregoing reasons, Applicants respectfully request full allowance of all pending claims.

If the Examiner feels that a telephone conference would advance prosecution of this Application in any manner, the Examiner is invited to contact Chad D. Terrell, Attorney for Applicants, at the Examiner's convenience at (214) 953-6813.

Although no other fees are believed due, the Commissioner is hereby authorized to charge any fees or credit any overpayments to Deposit Account No. 05-0765 of Electronic Data Systems Corporation.

Respectfully submitted,

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